



Democratic State of the Union Response Center

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REPUBLICANS PROTECT BIG HMOS AND DRUG COMPANIES WHILE AMERICANS STRUGGLE WITH Rx DRUG COSTS

While millions of Americans struggle to pay for their prescription drugs, Democrats are fighting to use the power of government to lower drug costs and make sure all Americans get the best price for their medications.

The Republican prescription drug plan was written by and for the big drug and insurance companies. Under this program, millions of seniors will face higher Medicare premiums unless they leave their doctor and join an HMO, and millions will have to pay more for their medications. Democrats know that America's seniors deserve better.

Under the President's program:

Drug prices stay high. The final bill prohibits Medicare from negotiating better prescription drug prices, like Medicaid and the VA program do. And it blocks reimportation of American-made drugs from other countries at lower prices.

Drug companies and insurance companies reap billions in windfall profits. Drug companies stand to gain as much as \$139 billion in windfall profits, while HMOs and insurance companies won a \$12 billion slush fund, and billions more to subsidize the Republican plan to privatize Medicare.

Seniors are coerced into HMOs and will pay increased Medicare premiums. The new "premium support" provisions will result in higher Medicare premiums for up to 7 million seniors if they don't give up their doctor and join an HMO.

Millions of seniors will pay more for their medications - up to one quarter of Medicare beneficiaries. Under this plan, 2.7 million seniors will lose their retiree drug coverage, and up to 6.4 million low-income seniors will have to pay more or lose access to coverage for the drugs they need.

Millions of seniors go without coverage for part of the year. In the first year, there is a \$2,850 gap in coverage that hurts middle class beneficiaries and leaves millions of seniors without coverage for part of the year - even though they have to pay premiums all year. That means a senior with \$400 per month worth of drug costs gets no assistance with her drug costs for 7 months out of the year, even though she has to pay premiums all year long.

\$6 billion needed to preserve retiree coverage is spent on tax breaks for healthy and wealthy. This bill squanders \$6 billion on tax shelters for the wealthy called "Health Savings Accounts" - money that should be used to prevent loss of retiree coverage or improve the benefit.